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SUBJECT: RUSSIAN ILLEGAL LOGGING -- AN OPPORTUNITY TO ENGAGE

REF: Vladivostok 5

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SENSITIVE BUT UNCLASSIFIED -- PLEASE PROTECT ACCORDINGLY.

11. (SBU) SUMMARY: The USG has an opportunity to work with Russia to combat illegal logging, and increasing reasons to do so. Russia contains more of the world's forested area than any other country -- approximately 20 percent -- and between 10 and 30 percent of wood is harvested illegally. Illegal logging leads to environmental degradation, exacerbates global climate change, and disrupts trade and local economies. Russia's illegal logging problem is magnified by systemic flaws in the forest management system and an inadequate legal framework, many stemming from the new Forest Code of 2006. The U.S. Forest Service (USFS) has worked with some Russian regional governments to combat illegal logging. There are several new opportunities for cooperation on this issue, including the planned new Protocol of Intent between the USFS and the Russian Federal Forestry Agency, as well as the Embassy's proposal for \$200,000 in FY2008 performance funds to address illegal logging. END SUMMARY.

Russia's Forests - World's Largest and Most Degraded  
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12. (U) Russia contains approximately 22 percent of the world's forested area, more than any other country. (NOTE: Second-place Brazil has 16 percent. END NOTE.) Russia's boreal forests are the Earth's largest forested region. Russia has more than 55 percent of the world's conifers, which comprise over 21 percent of the world's growing stock, and 11 percent of the world's live forest biomass. Russia's over 887 million hectares of forest and woodland cover 52 percent of its land area -- equivalent to about 95 percent of the area of the United States, including Alaska. Boreal forests make up about one-third of the world's forested area and one-third of the world's stored carbon. Together, Russia and the United States have two-thirds of the world's boreal forests. This broad band of mixed coniferous and deciduous trees stretches across northern North America, Europe and Asia, with taiga along its northern edge meeting Arctic tundra.

13. (U) Russia's forests are vital economic, biodiversity, cultural, and climate change assets. And as in many countries, they are under increasing threat from illegal logging, unsustainable forestry

practices, and forest fires. Illegal logging reduces the forests' carbon uptake; it is estimated that forest fires and illegal logging contribute 5-15 percent of Russian greenhouse gas emissions. An August 25, 2009, ScienceDaily press release characterized Russian boreal forest as the world's most degraded and least intact and found that it has suffered the greatest decline in the last few decades.

#### A Quarter of Russia's Logging Illegal?

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14. (SBU) Estimates vary as to the amount of illegal logging. In April 2008, the Environment News Service quoted Ministry of Natural Resources and Ecology (MNRE) Deputy Head Semyon Levi estimating that 10 percent of Russian timber is illegally harvested. Greenpeace Russia estimates are between 20 and 30 percent. In some regions, it is estimated that up to half of the timber is being harvested illegally. There are three types of illegal logging in Russia:

-- unauthorized commercial logging operations;

-- legitimate commercial operations that illegally augment their harvest by cutting timber outside of authorized zones; and

-- non-commercial harvesting by locals for fuel, construction, and other personal uses.

15. (U) Powerful organized crime groups are involved in illegal commercial logging, abetted by local corruption. Poachers and organized crime groups even set fire to woodlands to facilitate illegal logging, later securing the contracts to clear the burned areas.

16. (SBU) There are strong economic incentives for illegal logging, particularly in border regions close to foreign markets. But the

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extent of illegal logging is driven primarily by systemic weaknesses in Russia's forest management practices. In 2006, Russia introduced a new forest code intended to encourage sustainable forest use by large corporations. Instead, forestry experts have told us, the new code decimated forest protection. It decentralized forest management by moving forestry administration from federal to regional authorities, assigned the responsibility for forestry infrastructure and reforestation to lessee logging companies, and did away with the federally employed cadre of forest rangers that once enforced a standardized set of federal regulations. Forestry management is now subject to the vagaries of regional budgets and governments.

17. (SBU) Illegal logging is also aggravated by the lack of effective prosecution. Prosecution is hindered by the absence of an effective timber tracking system to establish a chain of custody for every tree that is cut. Once trees are cut and loaded onto trucks, internal customs officials and forestry inspectors have no way of knowing the exact origin of the timber. Weak enforcement and monitoring is also a problem, with the number of forest rangers reduced dramatically by the new forest code. In one region, the number of rangers was reduced from 200-300 to only three. Some law enforcement officials claim that another obstacle is the poorly written, vague body of laws that demand a standard of proof that is extremely difficult to achieve. A police official in the Ivanovo region told the English-language daily "Moscow Times" that prosecuting illegal loggers is nearly impossible because, unless the loggers are caught in the act, they can show lease documents from anywhere in Russia and claim that they are simply transporting the timber. This inadequate legal framework raises concern that persons caught logging illegally cannot be prosecuted in a timely and effective manner, which the U.S. Forest Service asserts is critical to effective forest management.

18. (SBU) China is the primary market for illegal Russian timber, much of which reaches the United States as finished products. A long investigative report in "The New Yorker" reported in October 2008 that the greatest traffic in illicit wood is thought to be from Russia to China. Commercial illegal logging for export to China is

concentrated in the Far East border regions. According to a 2007 U.S. Forest Service report, 20-50 percent of timber harvested in the Krasnoyarsk region is illegal, with most sent to China. In January 2009, authorities caught a Chinese company attempting to export 4,000 cubic meters of oak and ash valued at 2 million dollars from Primorye using fake export documents. Two officers of the Khabarovsk Regional Service for Economic Crimes detained in 2007 were ultimately found guilty of aiding Chinese and Russian companies in illegally harvesting and exporting Russian timber. Given the high percentage of illegally harvested timber, it is particularly worrisome for the United States that 50 percent of soft wood and 90 percent of hardwood harvested in the Russian Far East and Siberia ends up in the United States as finished goods after being processed in China, according to Denis Smirnov, coordinator of the World Wildlife Fund's forestry program in Primorye (reftel).

#### Growing Attention to Illegal Logging

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19. (SBU) The Russian government and local communities are increasingly aware of the effects of illegal logging. We are slowly seeing an increase in activities to promote sustainable forestry and to stop illegal logging.

-- FLEG Commitments: In the St. Petersburg Ministerial Declaration at the 2005 Europe and North Asia Forest Law Enforcement and Governance conference (ENA FLEG), 44 governments, including Russia and the United States, expressed their intent to take action to improve forest governance and combat illegal logging and associated forest crimes. The Declaration includes an Indicative List of Actions to implement the declaration and calls for a second Ministerial within 5 years to assess progress made and decide on further actions needed.

-- Plans for a National Timber Tracking System: In April 2009, Alexei Savinov, head of the Ministry of Agriculture's Federal Forestry Agency, announced that by 2011 Russia will have introduced an integrated system to control timber circulation and decrease

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illegal logging. With support from the U.S. Forest Service and USAID, Krasnoyarsk Authorities in 2008 sought funding from the Ministry of Natural Resources to introduce a timber tracking system. (NOTE: At that time the Forestry Agency was under the umbrella of the Ministry of Natural Resources; now it is under the Ministry of Agriculture. END NOTE.) Krasnoyarsk, in Central Siberia, is Russia's second largest administrative territory, producing one-fifth of Russia's total timber output. According to USFS estimates, 20-50 percent of Krasnoyarsk's timber is harvested illegally. The lack of federal funding and subsequent personnel changes in both the Russian Federal Forest Agency and in the Krasnoyarsk administration have so far stymied introduction of this pilot chain-of-custody system.

-- Increased Domestic Timber Processing: Both President Medvedev and Prime Minister Putin have endorsed the development of timber processing as a national goal. Although their support is driven mainly by economic concerns -- creating jobs and developing local industry by exporting finished products instead of raw wood -- creating timber processing facilities in Russia could help reduce illegal logging. By expanding local processing capacity, Russia would reduce the incentive to export illegally harvested raw timber to other countries for processing, though mechanisms will have to be put in place to ensure any illegally harvested raw timber is not instead simply processed directly in Russia itself. Officials in Tomsk informed us that they are facilitating the establishment of Chinese wood processing facilities in the region, which they noted might discourage the export of illegal wood. As part of the government's goal to increase domestic wood processing they have gradually increased the export tariffs on logs. On April 1, 2008, the tariff increased to 25 percent, but not less than 15 euros, and as of January 1, 2010, up to 80 percent, but not less than 50 euros, making the cost of importing unprocessed logs from Russia prohibitive.

-- Civil Society Activity: Local residents in Primorye, frustrated

by the inaction of police and local authorities, often stage protests to attract attention to illegal logging. WWF and other environmental NGOs support their efforts. Residents of Melnichnoye, a village north of Vladivostok, staged a summer 2008 protest against "sanitary cutting," whereby logging companies supposedly harvest dead trees and clean woodlands after fires (reftel). In fact, according to villagers, loggers cut down healthy trees and leave behind wastelands instead of protected forests.

¶10. (SBU) Organized crime is a serious threat to civilian environmental activists in illegal logging locales. According to WWF and nature preserve workers in the Russian Far East, the local "forest mafia," a group engaged in illegal timber operations, has openly declared war on those working to preserve forests and enforce environmental laws. The house of Yuriy Bersenev, a WWF project coordinator who works to safeguard protected nature preserves, was set on fire by unknown perpetrators in the winter of 2009. This incident came on the heels of two earlier attempts to intimidate WWF staff in Primorye in December 2008, including another case of arson (ref A). Yuriy Bersenev attributes the current drastic situation to the weakness of national forest legislation and the rampancy of corruption in the Russian Far East, USFS is beginning work on a \$200,000 performance fund project to create linkages between NGOs, law enforcement, business, wardens, and regional officials to reduce illegal logging.

-- Lacey Act: The Lacey Act amendments of 2008 expanded the statute's anti-trafficking protections for the purpose of combating illegal logging. The act now covers timber illegally harvested in the country of origin and brought into the United States, either directly or through manufactured products. The reinforced Lacey Act has prompted large timber-product importers such as Wal-Mart to reexamine their supply chains to ensure compliance. Consequently, the Lacey Act puts significant pressure on regional governments in Russia to fight illegal logging at the risk of losing the business and contacts so valuable to their economies. With the Lacey Act calling attention to the international trade in illegal timber, Russian and Chinese businesses are more conscious of the need to prove legality to American companies, leading them to seek official logging permits from the Federal Forestry Agency. (NOTE: EST Moscow has Lacey Act materials in Russian. Please contact Debbie Morton,

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mortondl@state.gov. END NOTE.)

COMMENT: Potential for Expanded Cooperation

¶11. (SBU) The United States and Russia have a number of opportunities to work bilaterally and multilaterally in the coming year to stem illegal logging:

-- A new protocol of intent between USFS and USAID, jointly, and the Russian Federal Forestry Agency, will be signed in the next few months. The POI addresses several forestry issues, including illegal logging. It can help spur policy dialogue and exchange of best practices on implementing environmental regulations, promoting sustainable forestry practices, engaging civil society, and expanding environmental education. It should also assist in reducing the number and extent of fires through increasing the forest managers' monitoring capacities. USFS specialists are attending an October workshop in Khabarovsk, which they see as a valuable stepping stone in the larger illegal logging project.

-- Russia took the initiative to host the 2005 FLEG conference, and the U.S. has played a critical role as organizer in the program. With a planned assessment of progress in 2010, the United States has an opportunity to become more involved.

-- The U.S. can also cooperate with Russian law enforcement to help expand its capacity to investigate the causes of illegal logging and forest fires and their connection to organized criminal groups.

¶12. (SBU) One possible model for cooperation is the May 2008 U.S.-China Memorandum of Understanding on Illegal Logging and Associated Trade. A similar agreement with Russia, which could even

involve China as a third party, might facilitate cooperation among the three countries to strengthen forest law enforcement and governance.

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